

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

**ADMINISTRATIVE AUDIT OF THE
TRAVEL ADVANCES AND TRAVEL
EXPENSE CLAIMS**



FINAL REPORT

OCTOBER 21, 2009

M e m o r a n d u m

Date: October 21, 2009

To: Office of the Commissioner
Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Office of the Assistant Commissioner, Inspector General

File No.: 005.9968.A13471.010

Subject: FINAL 2009 ADMINISTRATIVE AUDIT REPORT OF TRAVEL ADVANCES
AND TRAVEL EXPENSE CLAIMS

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* §2440, issued by the Institute of Internal Auditors, Government Code §13887 (a)(2), and the California Highway Patrol (CHP) Audit Charter, I am issuing the 2009 Administrative Audit Report of the Travel Advances and Travel Expense Claims.

This audit revealed the command has adequate operations and internal controls. Though the audit revealed two minor issues, which if left unchecked may have a negative impact on the command and CHP operations, the items of concern were not significant or material. However, they should be addressed by management to maintain compliance with appropriate law, regulations, policies, and procedures. Based on the response, it appears corrective actions have been implemented.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887 (a)(2), this report, and the response is intended for the Office of the Commissioner; Office of Assistant Commissioner, Staff; Office of the Assistant Commissioner, Inspector General; Administrative Services Division, Office of Legal Affairs; Office of Inspections; and the Fiscal Management Section. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code §6250 et seq. Furthermore, in accordance with the Governor's Executive Order S-20-09 to increase government transparency, the final audit report, including the response to the draft audit report, will be posted on the CHP's internet website, and on the Office of the Governor's webpage, located on the State's Government website.

Safety, Service, and Security

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The Office of Inspections would like to thank the Fiscal Management Section's management and staff for their cooperation during the audit. If you need further information, please contact Assistant Chief Ken Hill at (916) 843-3005.


M. C. A. SANTIAGO
Assistant Commissioner

cc: Office of the Assistant Commissioner, Staff
Administrative Services Division
Fiscal Management Section
Office of Legal Affairs
Office of Inspections

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

*ADMINISTRATIVE AUDIT OF THE
TRAVEL ADVANCES AND TRAVEL EXPENSES CLAIMS*

OFFICE OF INSPECTIONS, AUDITS UNIT

OCTOBER 21, 2009

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EXECUTIVE SUMMARY

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the California Highway Patrol's (CHP) 2009 Audit Plan, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of the Department's Travel Advances and Travel Expense Claims functions.

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations.

The audit period was from January 1, 2008 through March 31, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period of October 1, 2008 through March 31, 2009.

Based on the review of the CHP's Travel Advances and Travel Expense Claims functions, this audit revealed the command has adequate operations and internal controls. Though the audit revealed two minor issues, which if left unchecked could have a negative impact on the command and CHP operations, the items of concern were not significant or material. However, they should be addressed by management to maintain compliance with appropriate law, regulations, policies, and procedures.

Travel Advance Claims (TAC): Based on testing sixty TACs, it appears the TACs were made for authorized reasons, properly supported, and authorized for payment. Additionally, TACs were cleared in a timely manner and no permanent TACs were identified.

Travel Expense Claims (TEC): Based on testing sixty TECs, it appears the TECs were approved for authorized reasons, properly supported, and authorized for appropriate expense payments. A couple of minor observations, which are not significant or material, were noted in the examination of the TECs. Nine TECs did not document on the claim form the type of transportation used (e.g., privately owned vehicle or state owned vehicle). Also, five TECs did not include a cost comparison when a common form of transportation could have been used and may have been less expensive than the form of transportation used (e.g., taking an airline flight versus driving a personal vehicle and paying for mileage).

It is also noted from a prior departmental review of some CHP accounting procedures, no TACs and TECs were processed during the budget impasse of fiscal year 2008/09.

AUDIT REPORT

INTRODUCTION

To ensure the California Highway Patrol's (CHP) operation is efficient and/or effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of the CHP's Travel functions, specifically, Travel Advances (TAC) and Travel Expense Claims (TEC).

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations. This audit will assist the CHP in meeting its goal.

OBJECTIVE AND SCOPE

The objective of the evaluation is to determine if the command has complied with operational policies and procedures that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was from January 1, 2008 through March 31, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period October 1, 2008 through March 31, 2009. This audit included the review of existing policies and procedures, as well as, examining and testing recorded transactions, to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted in May 2009.

METHODOLOGY

Under the direction of the Office of the Commissioner, with a commitment to improve departmental efficiencies, the Office of Inspections, Audits Unit conducted an audit of the CHP's TACs and TECs. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

OVERVIEW

An examination of the TACs and TECs process revealed the CHP's Fiscal Management Section process has adequate internal controls and is compliant with applicable state and departmental policies.

Travel Advance Claims: Based on testing sixty TACs, it appears the TACs were made for authorized reasons, properly supported, and authorized for payment. Additionally, TACs were cleared in a timely manner or proper collection actions taken and no permanent TACs were identified.

Travel Expense Claims: Based on testing sixty TECs, it appears the travel claims were approved for authorized reasons, properly supported, and authorized for appropriate expense payments. A couple of minor observations, which were not significant or material, were noted in the examination of the TECs. Nine TECs did not document on the claim form the type of transportation used (e.g., privately owned vehicle or state owned vehicle). Also, five TECs did not include a cost comparison when a common form of transportation could have been used and may have been less expensive than the form of transportation was used (e.g., taking an airline flight versus driving a personal vehicle and paying for mileage).

It is also noted from a prior departmental review of some CHP accounting procedures, no TACs and TECs were processed during the budget impasse of fiscal year 2008/09.

This audit revealed the command has adequate operations and internal controls. Though the audit revealed two minor issues, which if left unchecked may have a negative impact on the command and CHP operations, the items of concern were not significant or material. However, they should be addressed by management to maintain compliance with appropriate law, regulations, policies, and procedures.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of operations change over time. Specific limitations may hinder the effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; moreover, an audit may not always detect these limitations.

CONCLUSION

This audit revealed the command has adequate operations and internal controls. Though the audit revealed two minor issues, which if left unchecked may have a negative impact on the command and CHP operations, the items of concern were not significant or material. However, they should be addressed by management to maintain compliance with appropriate law, regulations, policies, and procedures.

ANNEX

A

M e m o r a n d u m

Date: September 10, 2009

To: Office of the Assistant Commissioner, Inspector General

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Administrative Services Division

File No.: 070.A11898.A13669.071.1-1092log

Subject: RESPONSE TO 2009 DRAFT TRAVEL ADVANCES AND TRAVEL EXPENSE
CLAIMS AUDIT REPORT

This is in response to your memorandum dated August 6, 2009, requesting the Fiscal Management Section (FMS) commander review the 2009 Draft Travel Advances and Travel Expense Claims audit report for accuracy. Below, please find FMS' response to the report:

The California Highway Patrol (CHP) FMS has reviewed the draft audit report and is in agreement. Specifically, that the examination of the Travel Advances and Travel Expense Claims (TEC) process revealed FMS has adequate operations and internal controls and is compliant with applicable state and departmental policies. The two minor weaknesses concerning the TEC, which were found not to be significant or material, are being addressed by management. Administrative Services Division's planned corrective action to address the two weaknesses specified below, are as follows:

WEAKNESS 1 – Nine TECs did not document on the claim form the type of transportation used (e.g., privately owned vehicle or state owned vehicle).

PLANNED CORRECTIVE ACTION: Immediately following the Office of Inspections review, FMS began returning TECs to employees, which do not properly indicate the type of transportation used.

WEAKNESS 2 – Five TECs did not include a cost comparison when a common form of transportation could have been used and may have been less expensive but another form of transportation was used (e.g., taking an airline flight versus driving a personal vehicle and paying for mileage).

PLANNED CORRECTIVE ACTION: As of July 2009, FMS began returning TECs to employees, which are void of the required cost comparison.

We appreciate the opportunity to respond to the draft audit report. If you have any questions, or require further information, please contact Joan Parks, FMS commander, at (916) 375-2738.



L. A. PAOLINI, Chief

cc: Office of the Assistant Commissioner, Staff

Safety, Service, and Security